

CBS EVENING NEWS
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>LIBEL SUITS/>RATHER: Tonight, a look at a first-of-a-kind legal case, >NEWS MEDIA>the CIA versus ABC. Bob Simon reports on this important case in point, a case that in principle involves freedom of speech and press, a case that in practice could affect what kinds of stories you see in the future and, perhaps more important, what kinds of stories you won't.

SIMON: It was the stuff that great stories are made of. It had palm trees, champagne, thoroughbreds and spies. The star: playboy Ronald Rewald living high in Hawaii and working for the CIA. His investment banking firm, Bishop Baldwin, was really a CIA front, reportedly involved in arms deals and international surveillance. For investigative reporters, it was Honolulu, here we come. The BBC did it. CBS did it. From the CIA, no comment. Then ABC did it and added one new ingredient, Scott Barnes, the man who said the CIA had hired him to kill Ronald Rewald. SCOTT BARNES (Sept. 20): He says, 'We gotta take him out.' UNIDENTIFIED VOICE: You mean...
BARNES: You know, kill him.

SIMON: Two months later, ABC broadcast what it called an update and a clarification. PETER JENNINGS (ABC News, Nov. 21): So ABC News has now concluded that Barnes's charges cannot be substantiated, and we have no reason to doubt the CIA's denial.

SIMON: But this was not enough for the CIA. That same afternoon, the agency filed a complaint against ABC with the Federal Communications Commission. No government agency had ever done that before. GEORGE CLARK (CIA counsel): We filed the complaint basically because ABC's charges against the CIA were outrageous.

SIMON: Floyd Abrams is one of America's leading legal authorities on cases involving freedom of the press. FLOYD ABRAMS: The CIA doesn't want just an apology, it, it wants a little bit of blood.

SIMON: Theoretically, the CIA could get ABC's lifeblood. The FCC has the power to deprive ABC-owned stations of the licenses they need to broadcast. GEORGE WATSON (vice president, ABC News): Everywhere you turn, you see efforts by present and former government officials to control reporting about themselves, to suppress reporting they don't like, to stifle opinions that they disagree with.

SIMON: Turn to New York City. In one courthouse, libel suits brought by two generals, Westmoreland suing CBS for \$120 million and Ariel Sharon suing Time magazine for \$50 million. But for a big chill, have a look at the Chester

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Country Press in Oxford, Pa. The libel suit is not a nuisance here, it's a question of survival. IRV LEIBERMAN (publisher, Chester County Press): The way I'm making a living is with removing any kind of, ah, ah, of investigative work from any and all my products.

SIMON: This is not the spies against a network in a romantic setting. It's a small-town weekly newspaper taking on Richie Ashburn, the former outfielder who now broadcasts for the Philadelphia Phillies. The paper called Ashburn a tax cheat. RICHIE ASHBURN: I had fans yelling at me from the stands, calling me a tax cheat. And I kinda laughed it off. But, you know, a little thing like this, and it, it's not so little if you're the guy that's involved.

SIMON: Leiberman says he sticks by his story. But his insurance company settled out of court with Ashburn, at least partially because the publisher had a number of other libel suits pending. It could end up affecting what stories newspapers put on their front pages and what television executives put on their network news broadcasts. WATSON: It's very easy to find reasons not to do something. And if you look at a story and you're faced with the prospect of a lawsuit or other actions, then you think twice. EDWARD JOYCE (president, CBS News): If we feel comfortable with it, if we believe it's a story we should go with, then we must not be deterred because of this action. If we are deterred, it will be to our undying shame.

SIMON: But what about Richie Ashburn, who insists he was not a tax cheat and should not have been called one?

ASHBURN: I think these people have to be held accountable for this kind of, this kind of garbage.

SIMON: And what about the CIA? CLARK: The CIA's objective is to hopefully bring back some kind of journalistic standard to the major TV media.

SIMON: Everyone agrees there must be journalistic standards. Everyone does not agree that those standards should be enforced by the CIA or for that matter by the courts. (footage of Ariel Sharon and Gen. William Westmoreland leaving their respective courtrooms) Bob Simon, CBS News, New York.